

EXHIBIT B

The *Product Manager* will provide *Pricing Support* a copy of approved proposed prices. Following is a suggested list of signatures for approval of the proposed prices.

Product Manager
Director or Vice President of Finance (U.S. Pharmaceutical Group)
Vice-President of Therapeutic Line
President of Business Unit
President of U.S. Pharmaceuticals

Please note: The signature required to release prices as noted in the Corporate Procedure is the President of U.S. Pharmaceuticals. The Approved Proposed Price document should contain the following:

Item No.
Product Description
Wholesale list price
Direct (retail) and Hospital list price
FSS (Federal Supply Schedule Price)
PHS (Public Health Service Price)

NOTE: Signatures on the (Approval Copy) Product Price Authorization Form is no longer necessary. The approved proposed price document (memo) will be maintained with the Product Price Authorization Forms.

The Pricing Support Coordinator will input prices (pending status) in the *Product Price Authorization System (PPAS)* provided on the Approved pricing proposal submitted by the Product Manager.

Associate Manager of Pricing Support or Sr. Manager of Pricing Administration will approve and release prices in the *mainframe*.

PRICE ESTABLISHMENT

Establishment of the list price for new products, or new size(s) to an existing product line, is the responsibility of the Business Unit/Therapeutic area marketing the product. Wholesale¹ versus Direct²/Hospital³ list prices are based on the pricing policy for the product and or business unit. Listed are the 3 current pricing policies.

¹ *Wholesale List Price is the acquisition price for our wholesalers. "Billing Category" classification is 51.*

² *Direct List Price is the list price for our Retail Drug Stores. "Billing Category" classification is 57.*

³ *Hospital List Price is the list price for non-profit non-retail pharmacies, profit non-retail pharmacies. Hospital list price equals the direct list price. Publication of a "Direct" Price List and a "Hospital" Price List exists because of differences in minimum net \$ value per order and in some instances the order quantities per item number differs.*

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BMS/AWP/00337637

Plaintiffs' Exhibit
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01-12257-PBS

1. "ONE" price policy. Pricing parity for all customer types who purchase from our distribution center.

2. 2-tier pricing. Wholesale price is discounted 5% from the Hospital/Direct list price.

How to calculate the direct/hospital price if wholesale price is given

Divide Wholesale price by .95 = Direct/Hospital Price

How to calculate the wholesale price when direct/hospital price is given

Multiply Direct/Hospital Price X .95 = Wholesale Price

3. Physician price is 4% less wholesale/direct/hospital.

Currently this applies only to BMSO (oncology products). These items are sold through OTN.

4. ~~Wholesale Special Offer List prices exist for the multi source product line marketed and distributed by Apotheon.~~ These prices are significantly lower than wholesale list price found under Billing Category 51. The Special Offer Prices may be found under the following Billing Categories 41, 4A, 4B, 4C, 4D, 4E, 4F, 4G. They may all equal or all differ. Why so Many?? This allows Apotheon the flexibility to negotiate prices to the individual wholesale organizations under 8 different strategies.

Are all used today? No. Have they all been used at 1 time? Yes.

If we never sell these multi source products at the High Billing Category 51 price -- why not reduce the bc 51, 56, 57, 58, 59 price?

~~Since the AWP (Average Wholesale Price) is calculated based on the wholesale list price, it is not possible to have a High AWP price under the reimbursement rates of insurers.~~

5. FSS is found under Billing Category 55. Price determination may be as follows:

New Products - are discounted 24% plus 2% cash discount.

All future FSS prices once purchasing history exists will be determined by calculations required under the Veterans Home Health Care Act.

OBTAIN policy and program which generates the FSS prices from Government Operations.

6. PHS is found under Billing Category 50. For new product introductions in

which no purchasing history exists the following is used to arrive at the the PHS price.

- a. Single Source products will be discounted 15.1 % from wholesale list
- b. Multi-Source products (Non-Innovators) will be discounted 11% from wholesale list price.
- c. If new sizes are introduced to an existing product and a PHS price has been calculated by the Medicaid Reporting System - the PHS will be calculated based on tablet, mg, ml or quantity from existing prices

PHS price in which purchasing history exists - will be provided to Pricing Support from the Medicaid Reporting System. This process is an automated calculation as required by the Veterans Home Health Care Act. Medicaid Report Group oversees this process.

7. International or Transfer Price — Interchangeable Names. Prices are found under Billing Category 21. This price exists to transfer the product to our international affiliates. Since the transfer utilizes COPS, a billing category 21 price must exist to allow the automatic transfer of product. Our affiliates will be invoiced through a Journal Entry.

What price do we input under Billing Category 21.

1. The legal entity price plus freight is used when found in Product Global. If that not found \$1.00, 10.00 or \$100.

Need to further discuss this with International Pricing & Sourcing Group located In Nassau Park and Customer Service to determine the value of maintaining this BC.

Listed is a checklist of items required by Pricing Support when launching a new size or new product. A brief explanation may appear beneath the item to help understand why it is needed.

1. Provide Pricing Support an Approved Pricing Proposal
2. Order Quantity per Item No. for Wholesalers, Direct (Retailers), and Hospitals.

Pricing Support supplies Customer Service and Order Management who input into the COPS system. Order Quantity They in turn input into the Customer Order Processing System "COPS". This controls the quantities customer purchase. E.g. Order quantity equals 12, they are required to order in multiples of 12. Order quantities are published in the price lists.

3. Anticipated Launch Date.

3. **Package Insert**

Redbook, First Data Bank and MediSpan requires package insert along with prices to input in each's National Drug Data Base. Pricing Support Is responsible for providing product and pricing information to the 3 data services. If product is not added the following occurs:

- The AWP (Average Wholesale Price) is not established.
- Reimbursement of drug cost by insurance companies directly or through 3rd Party Payers is denied without product information and AWP.
- Products will not be added to State Formularies

First Data Banks supplies information daily, weekly and monthly.

Information for the daily recipients must be in the database by end of their business day in order for the daily customers to receive it next day. Transmitted electronically. Listed are daily customers.

Caremark
Merck-Medco
PCS

*Bergen
McKesson
Premier*

*Weekly tapes — send Fed Express. Data must be in data base
by noon each Thursday. Tape is guaranteed to be in customers
hand by Wednesday of next week. Customer is required to load
information.*

*List of Customers: ??
Rite Aide
Express Scripts
Paid Prescriptions*

*Monthly Customers — Information received and input by the
last Thursday of each month will be contained in the data
provided to Monthly Customers. Majority of Monthly
customers are the state Medicaid agencies.*

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